

Redx Pharma

Jazz Pharmaceuticals \$5m milestone triggered

15 June 2022

- Redx Pharma will receive a \$5m milestone from Jazz Pharmaceuticals as the FDA has cleared JZP815's IND (Investigational New Drug) application enabling the start of clinical trials. JPZ815 will be the fifth clinical stage asset discovered using Redx's well proven medicinal chemistry expertise.
- JPZ815 is a precision pan-RAF inhibitor, with a differentiated mechanism of action, being developed for RAS and RAF mutant tumours. It was designed to overcome the resistance mechanisms to currently approved B-RAF selective drugs. The RAF kinases are an integral part of the RAS-RAF-MAPK pathway, with B-RAF mutations most often seen in the clinic. Promising preclinical data were recently presented at the AACR (American Association for Cancer Research) conference in March.
- Jazz acquired JPZ815 from Redx in July 2019, with Jazz paying an upfront fee of \$3.5m and Redx eligible for up to a further \$203m in success-based development, regulatory, and commercial milestones, and mid-single digit royalties on eventual net sales. This latest milestone follows \$3m that was triggered in September 2021 on initiation of IND-enabling studies.
- Redx also has another research collaboration with Jazz to discover and develop drug candidates for two oncology targets on the RAS/RAF/MAPK pathway, where Redx is responsible for pre-IND development activities. Our [February 2022 Outlook](#) provides more detail on the Jazz programmes.
- The \$5m milestone receipt, together with May's oversubscribed £34.3m (gross) equity raise and existing resources, means management has the cash to support the lead in-house development programmes, RXC004 (a Porcupine inhibitor for genetically selected cancers) and RXC007 (a ROCK2 inhibitor for major fibrotic diseases) to key clinical data points. Redx also has RXC008 (a novel GI-targeted ROCK inhibitor), which will be progressed through to IND for fibrostenotic Crohn's disease.

Price	60.8p
Market Cap	£202.7m
Primary exchange	AIM
Sector	Healthcare
Company Codes	REDX
Corporate client	Yes

Company description:

Redx Pharma specialises in the discovery and development of small molecule therapeutics, with an emphasis on oncology and fibrotic diseases. It aims to initially progress them through proof-of-concept studies, before evaluating options for further development and potential value creation.

Trinity Delta view: The Jazz milestone is a welcome boost to recently enlarged cash resources but, more importantly, is further tangible evidence of the progress being achieved across a broad front. Redx Pharma has always sought to maximise the value of its discovery programmes, but with the inherent risks managed actively. This has resulted in a well-balanced clinical pipeline, with a mix of in-house and partnered programmes. It is the expected progress from these that should provide a stream of news flow over the next 12-18 months. We view May's impressive equity raise as a testament to the strength of the investment case, which supports a wider appreciation of the equity story. Our rNPV model is currently under review following this placing and we will issue a revised valuation as soon as practicable.

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